

Message Text

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PAGE 01 LISBON 04848 251105Z

10

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SAM-01 USIE-00 SSO-00 NSCE-00

INRE-00 L-03 H-02 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /080 W

----- 060902

O 251040Z AUG 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 3900

LIMITED OFFICIAL USE LISBON 4848

E.O. 11652: N/A

TAGS: EIND, PO

SUBJ: ITT PROBLEMS IN PORTUGAL

REF: STATE 200783

1. I STRONGLY REQUEST THAT DEPARTMENT MAKE URGENT APPEAL IN MOST FORCEFUL TERMS TO ITT TO HOLD OFF ON A DECISION TO SUSPEND OR TERMINATE OPERATIONS AT THIS TIME. ANY ACTION OF THIS NATURE BY ITT WOULD BE DIRECTLY ATTRIBUTED TO USG BY THOSE GROUPS SUPPORTING GONCALVES AND WOULD BE USED BATTLE TO SUSTAIN PM IN POWER. ITT WOULD BE CHARGED WITH ECONOMIC SABOTAGE AND THE USG WITH ECONOMIC BOYCOTT MEASURES DESIGNED TO BRING DOWN GONCALVES.

2. EMBASSY NOT CLEAR WHY ITT IS CONSIDERING SUSPENDING OPERATIONS THIS MONTH WHEN END OF JULY PERIOD WAS CRUNCH WITH ITT OBLIGED TO PAY NOT ONLY MONTHLY SALARY BUT VACATION BONUS, AND IN SOME FIRMS, EVEN A THIRD MONTH SALARY. WE UNDERSTAND THAT AUGUST PAYROLL IS ONLY FOR ONE MONTH. IN ADDITION, A NEW GOVERNMENT COULD BE MUCH MORE AMENABLE TO PROTOCOL SUBMITTED ON MAY 7, WHICH COULD GET ITT OVER THE HUMP. WITH REGARD TO INTERVENTION POSSIBILITY MENTIONED PARA 3, EMBASSY STILL NOT

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AWARE OF ANY CASE OF GOP INTERVENTION IN

MAJORITY FOREIGN-OWNED FIRM.

3. AM MOST ANXIOUS TO MEET AT ANY TIME WITH ITT REP IN
PORTUGAL FERNANDES AS WELL AS VALENTE. TRYING TO CONTACT THEM NOW.
CARLUCCI

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT CLIMATE, NATIONALIZATION, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LISBON04848
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750293-0453
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750822/aaaaasub.tel
Line Count: 66
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 200783
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2003 by WorrelSW>; APPROVED <24 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITT PROBLEMS IN PORTUGAL
TAGS: EIND, EINV, PFOR, PO, US, ITT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006